Requirement of funds to Create Urban Infrastructure

913. SHRI CO. POULOSE: Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether an amount of Rs. 1,25,000 Crore is required to create urban infrastructure in the country;

(b) if so, the amount of funds provided by Government for the purpose; and

(c) the other steps being taken by Government to develop these facilities?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI BANDARU DATTATRAYA): (a) to (c) As per India Infrastructure Report (1996) the investment required for urban infrastructure (water supply and sanitation, solid waste management and roads) during the five year period from 1996-2000 was estimated at Rs.28297 crores per annum or Rs. 141485 crores for a total period of five years. The estimated requirement during the next five year period 2000-2005 was estimated as Rs.27773 crores per year (Rs. 138865 crores for the total five year period).

2. The Ninth Plan projection for Urban Development was Rs.5351 crores and the actual allocation was Rs.2048.22 crores. Flow of institutional finance together with Plan Fund would enable a flow of Rs.5000 crores per annum.

3. The 11th Finance Commission had recommended Rs.400 crores per annum for the Municipalities for each of the five years from the financial year 2000-2001, i.e. an amount of Rs.2000 crores for five years.

4. Under the Constitution (74th Amendment) Act, 1992, Article 243 x empowers the State Legislature to enact laws to:

(a) authorize the Municipality to levy, collect and appropriate specified taxes, duties, tolls and fees;

(b) assign to Municipality specified taxes, duties, tolls and fees out of those levied and collected by the State Governments;

(c) provide for making grants-in-aid to the Municipality from the Consolidated Fund of the States; and

(d) provide for constitution of funds for Municipalities for crediting all moneys received by or on behalf of the Municipalities and also for withdrawal of such moneys therefrom.

5. Property Tax Reforms — This Ministry has circulated guidelines in 1998 for simplification and rationalization of property tax to all State Governments.

6. In order to attract substantial investments for urban infrastructure development particularly from the private sector, a number of fiscal concessions have been announced, which include the following;

(i) Section 80IA:—Deductions in respect of profits and gains from industrial undertakings, enterprises engaged in infrastructure development etc. — where the gross total income of an assessee includes any profit and gains from the business of developing, maintaining and operating or developing, maintaining and operating any infrastructure facility, there shall be allowed, in computing the total income of the assessee a deduction of:

* 100% of profit for 1st five year; and
* 23% of profit for next five years (30% in case of a company)

Concession:—Here the definition of infrastructure has been broadened to include a water supply project, irrigation project, sanitation and sewerage system;

(ii) Section 10(23) G:— Incomes not included in the total income — in computing the total income of any persons for a year, any income by way of dividents, interest or long term capital gains on an infrastructure capital fund/company from investments made on or after 1st June, 1998 by way of shares or long term finance, any income which arises will not be included in the total income of the assessee.

Concession:— Earlier the benefit of this Section went to only those companies which were involved in the business of maintaining, operating and developing of any infrastructure facility approved by the Central Government. However, no if a company is involved in even on of the following activities, it entitled for exemption—

(a) developing;
(b) operating and maintaining; or
(c) developing maintaining and operating

(iii) Section 11(5) ixa: Income from property held for charitable or religious purposes — income arising out of deposits with or investment in any bonds issued by a public company formed and registered in India with the object of carrying on the business of providing long term finance for urban infrastructure in India shall not be included in the total income of the person.

Concession:—Charitable and religious trusts can now invest in infrastructure bonds and avail of tax benefits.

7. Till now the Foreign Investment Promotion Board (FIPB) on a case-to-case basis allowed Foreign Direct Investment in urban services. In line with the Government's Policy declaration of Policy 2000 for increased Foreign Direct Investment (FDI) in manufacturing sector, there is now no bar on FDI in urban infrastructure facilities, which are open to FDI both under FIPB and the automatic route as per sector specific guidelines.

8. Under the Mega City Scheme the Government has been giving grant to the Cities of Mumbai, Kolkata, Chennai, Bangalore and Hyderabad, who had population of 40 lakhs and above on the basis of 1991 census for city wide development of urban infrastructure. The funding pattern of the scheme envisages 25% grant by Central Government, 25% by State Government and 50% being raised as Institutional Finance. The Central Government has released Rs.652.89 crores to the State Government since the inception of the scheme in 1993-94.

9. This Ministry has also been releasing funds for development of small and medium towns population below 5.0 lakhs under the

scheme of Integrated Development of Small and Medium Towns (IDSMT) since 1979-80. Under the scheme central assistance amounting to Rs.449.60 crores and Rs. 10.27 Scrores under the Central Urban Infrastructure Support Scheme (CUISS) has been released to create urban infrastructure till 30.6.2001.

10. A Centrally Sponsored Scheme for Liberation of Scavengers was started in 1980-81 with the objective to convert the existing dry latrines into low cost pour flush latrines and to provide alternative employment to the liberated scavengers. So far 835 schemes in 1248 towns have been sanctioned at project cost of Rs. 1422.10 crores.

11. A Centrally Sponsored Scheme of Accelerated Urban Water Supply Programme was launched in March, 1994 to extend financial support to the State Governments/Local Bodies to provide water supply facilities in towns having population less than 20,000, as per 1991 census. 575 water supply scheme have been sanctioned under the scheme at an estimated cost of Rs.708.56 crores covering a population of 68,20,929.

News Item "Metro Link for Satellites"

914. PROF. SHRIMATI BHARATI RAY: Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether Government's attention has been drawn to the newsitem captioned "Metro link for satellites", appearing in the Hindu, dated the 23rd June, 2001;

(b) whether the entire transport scenario in the entire NCR region is needed to be transformed dramatically, which would decongest the Capital;

(c) if so, Government's plan thereof; and

(d) by when these are likely to bve implemented?

THE MINISTER OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI JAGMOHAN): (a) Yes, Sir.

(b) there is a need for up-gradation and expansion of present